

# HOUSE BILL No. 1402

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.5; IC 6-3.6-8-9.

**Synopsis:** Local income tax housing zone credit. Provides a refundable tax credit against a taxpayer's local option income tax liability for a taxable year if: (1) the taxpayer resides in credit eligible housing during the taxable year; and (2) the date on which the taxpayer's residence is determined for local option income tax purposes occurs within the allowable credit period of the credit eligible housing.

**Effective:** January 1, 2016 (retroactive); January 1, 2017.

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January 13, 2016, read first time and referred to Committee on Ways and Means.

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Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

## HOUSE BILL No. 1402

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-3.5-1.1-30 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JANUARY 1, 2016 (RETROACTIVE)]: **Sec. 30. (a)**  
4 **This section applies only to taxable years beginning after December**  
5 **31, 2015, and before January 1, 2017.**

6 **(b) The following definitions apply throughout this section:**

7 **(1) "Allowable credit period" for credit eligible housing**  
8 **means the period:**

9 **(A) beginning on the date the credit eligible housing was**  
10 **first occupied by a lawful owner or tenant after the**  
11 **declaration described in subdivision (2)(B); and**

12 **(B) ending on the earlier of:**

13 **(i) the fifth anniversary of the date determined under**  
14 **clause (A); or**

15 **(ii) the date on which the credit eligible housing is again**  
16 **determined to be vacant or abandoned under IC 36-7-37**  
17 **after the date determined under clause (A).**



(2) "Credit eligible housing" means qualified residential property that:

(A) is located in a designated housing zone;

(B) was declared to be vacant or abandoned under IC 36-7-37; and

(C) after the declaration described in clause (B), was subsequently occupied by a lawful owner or tenant.

(3) "Designated housing zone" means an allocation area for a housing program established under IC 36-7-14 or IC 36-7-15.1.

(c) Each taxable year to which this section applies, a taxpayer is entitled to a credit against the taxpayer's liability for the tax imposed by this chapter for the taxable year in an amount equal to twenty percent (20%) of the taxpayer's liability for the tax imposed by this chapter without regard for this section if:

(1) on the day of the taxable year specified under section 16(b) of this chapter, the taxpayer resides in credit eligible housing; and

(2) the day of the taxable year specified under section 16(b) of this chapter occurs within the allowable credit period of the credit eligible housing.

(d) If the total amount of the credit provided by this section for a taxable year exceeds the amount of the taxpayer's liability for the tax imposed by this chapter for the taxable year after the application of all credits to be applied before the credit provided by this section, the excess amount of the credit shall be refunded to the taxpayer.

(e) This section expires January 1, 2017.

SECTION 2. IC 6-3.5-6-35 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016 (RETROACTIVE)]: **Sec. 35. (a) This section applies only to taxable years beginning after December 31, 2015, and before January 1, 2017.**

(b) The following definitions apply throughout this section:

(1) "Allowable credit period" for credit eligible housing means the period:

(A) beginning on the date the credit eligible housing was first occupied by a lawful owner or tenant after the declaration described in subdivision (2)(B); and

(B) ending on the earlier of:

(i) the fifth anniversary of the date determined under clause (A); or



(ii) the date on which the credit eligible housing is again determined to be vacant or abandoned under IC 36-7-37 after the date determined under clause (A).

(2) "Credit eligible housing" means qualified residential property that:

(A) is located in a designated housing zone;

(B) was declared to be vacant or abandoned under IC 36-7-37; and

(C) after the declaration described in clause (B), was subsequently occupied by a lawful owner or tenant.

(3) "Designated housing zone" means an allocation area for a housing program established under IC 36-7-14 or IC 36-7-15.1.

(c) Each taxable year to which this section applies, a taxpayer is entitled to a credit against the taxpayer's liability for the tax imposed by this chapter for the taxable year in an amount equal to twenty percent (20%) of the taxpayer's liability for the tax imposed by this chapter without regard to this section if:

(1) on the day of the taxable year specified under section 20(b) of this chapter, the taxpayer resides in credit eligible housing; and

(2) the day of the taxable year specified under section 20(b) of this chapter occurs within the allowable credit period of the credit eligible housing.

(d) If the total amount of the credit provided by this section for a taxable year exceeds the amount of the taxpayer's liability for the tax imposed by this chapter for the taxable year after the application of all credits to be applied before the credit provided by this section, the excess amount of the credit shall be refunded to the taxpayer.

(e) This section expires January 1, 2017.

SECTION 3. IC 6-3.5-7-30 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016 (RETROACTIVE)]: **Sec. 30. (a) This section applies only to taxable years beginning after December 31, 2015, and before January 1, 2017.**

**(b) The following definitions apply throughout this section:**

**(1) "Allowable credit period" for credit eligible housing means the period:**

**(A) beginning on the date the credit eligible housing was first occupied by a lawful owner or tenant after the declaration described in subdivision (2)(B); and**



(B) ending on the earlier of:

(i) the fifth anniversary of the date determined under clause (A); or

(ii) the date on which the credit eligible housing is again determined to be vacant or abandoned under IC 36-7-37 after the date determined under clause (A).

(2) "Credit eligible housing" means qualified residential property that:

(A) is located in a designated housing zone;

(B) was declared to be vacant or abandoned under IC 36-7-37; and

(C) after the declaration described in clause (B), was subsequently occupied by a lawful owner or tenant.

(3) "Designated housing zone" means an allocation area for a housing program established under IC 36-7-14 or IC 36-7-15.1.

(4) "Qualified residential property" has the meaning set forth in IC 6-3.5-1.1-1.

(c) Each taxable year to which this section applies, a taxpayer is entitled to a credit against the taxpayer's liability for the tax imposed by this chapter for the taxable year in an amount equal to twenty percent (20%) of the taxpayer's liability for the tax imposed by this chapter if:

(1) on the day of the taxable year specified under section 17(b) of this chapter, the taxpayer resides in credit eligible housing; and

(2) the day of the taxable year specified under section 17(b) of this chapter occurs within the allowable credit period of the credit eligible housing.

(d) If the total amount of the credit provided by this section for a taxable year exceeds the amount of the taxpayer's liability for the tax imposed by this chapter for the taxable year after the application of all credits to be applied before the credit provided by this section, the excess amount of the credit shall be refunded to the taxpayer.

(e) This section expires January 1, 2017.

SECTION 4. IC 6-3.6-8-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 9. (a) This section applies only to taxable years beginning after December 31, 2016.

(b) The following definitions apply throughout this section:

(1) "Allowable credit period" for credit eligible housing



means the period:

(A) beginning on the date the credit eligible housing was first occupied by a lawful owner or tenant after the declaration described in subdivision (2)(B); and

(B) ending on the earlier of:

(i) the fifth anniversary of the date determined under clause (A); or

(ii) the date on which the credit eligible housing is again determined to be vacant or abandoned under IC 36-7-37 after the date determined under clause (A).

(2) "Credit eligible housing" means residential property that:

(A) is located in a designated housing zone;

(B) was declared to be vacant or abandoned under IC 36-7-37; and

(C) after the declaration described in clause (B), was subsequently occupied by a lawful owner or tenant.

(3) "Designated housing zone" means an allocation area for a housing program established under IC 36-7-14 or IC 36-7-15.1.

(c) Each taxable year to which this section applies, a taxpayer is entitled to a credit against the taxpayer's liability for the tax imposed by this article for the taxable year in an amount equal to twenty percent (20%) of the taxpayer's liability for the tax imposed by this chapter if:

(1) on the day of the taxable year specified under section 3(b) of this chapter, the taxpayer resides in credit eligible housing; and

(2) the day of the taxable year specified under section 3(b) of this chapter occurs within the allowable credit period of the credit eligible housing.

(d) If the total amount of the credit provided by this section for a taxable year exceeds the amount of the taxpayer's liability for the tax imposed by this chapter for the taxable year after the application of all credits to be applied before the credit provided by this section, the excess amount of the credit shall be refunded to the taxpayer.

SECTION 5. An emergency is declared for this act.

